OKLAHOMA
Commissioners
of the Land Office

INVESTMENT PLAN

OF THE COMMISSIONERS OF THE LAND OFFICE

AS OF AUGUST 18, 2025

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Investment Plan

SUMMARY

AS OF AUGUST 18, 2025

I. Introduction

This document establishes the Investment Plan of the State of Oklahoma ex rel. Commissioners of the Land Office ("CLO") for the investment of the assets held to provide funds for the beneficiaries of the permanent school funds and other educational funds the authority for which is granted under OKLA. CONST. Art. 6, § 32 and 64 O.S. § 1013. This Plan is designed to:

> *Describe the roles and responsibilities of parties involved with investment strategy, decision-making, and execution with respect to Trust investments and provide guidelines for the prudent investment of Trust assets.*

Provide a framework for ongoing monitoring of the performance of Trust investments. The assets of the Trust shall be invested in a manner consistent with fiduciary standards, as set forth in the OKLA. CONST. Art. 11, § 6. The CLO has adopted the investment plan outlined below after prudent consideration of the returns and risks associated with various investment strategies allowed under Oklahoma law.

II. Investment Objectives

The CLO manages a perpetual trust created under a constitutional requirement to invest Trust assets in a manner reasonably expected to maximize benefits distributed to present and future beneficiaries. The Commissioners of the Land Office ("Commissioners") have a fiduciary duty to invest in a manner consistent with this constitutional requirement. The Commissioners balance the dual requirement to (1) generate the maximum amount of income for the benefit of present beneficiaries, and (2) protect and grow Trust invested assets at a rate that is expected to preserve the purchasing power of the corpus for future beneficiaries. Finally, the Commissioners consider investment risks and manage these risks in pursuit of their investment objectives. To this end, prudent diversification of Trust assets is a necessity.

III. Investment Categories

As part of the diversification strategy, the Commissioners have different categories and segments of investments and each have their own guidelines and strategies. The classifications of investment types are detailed below.

A. Financial Securities

Financial securities include both traditional and private market securities. Within the classification are the traditional segments or marketable securities (US equities, Fixed Income, and Cash) segment and the alternative or direct segments (private equity and private credit). The two segments are further defined below:

1. Marketable Securities

Marketable Securities are investments as further defined in this investment plan which are openly traded on financial markets and therefore typically very liquid in nature.

2. Private Investments

Private investments, also referred to as alternative or direct investments, are securities and other financial instruments in which the Commissioners are allowed by law to invest. However, these private investments are not openly traded on financial markets and therefore may be illiquid.

B. Real Property

Real Property investments include real estate holdings including, but not limited to land, office buildings, industrial building, retail developments, and other types of real estate located within the State of Oklahoma that have been identified and classified as "investment". Real Property shall not include real property owned and managed by the Commissioners that were obtained through statehood grants other means such as purchase or exchange unless those properties are specifically classified as "investments".

IV. Maximum Investment in Equity Securities

In accordance with 64 O.S.§1013, the Commissioners shall not invest more than sixty percent (60%) of the trust fund investments in equity securities, which shall include the total of all investment categories listed above.

V. Investment Plan Review and Revisions

The Commissioners reserve the right to amend the Investment Plan at any time they deem such amendment to be prudent and necessary.

The Investment Plan shall also be reviewed annually to ensure compliance and relevance to the current law, financial and economic trends, and to meet the goals of the Trust. By September 1 of each year, the Commissioners shall approve a written Investment Plan for the CLO.

Nothing contained in this Investment Plan shall be construed to change, relieve, or expand the terms of any contract for services by any Investment Manager, External Investment Consultant, Custodial Bank, or any other party subject to a contract for services.

The Investment Plan of the CLO is intended to effectuate the constitutional, statutory, and common law duties concerning the Trust. In no way is any part or portion of this Investment Plan to be used, understood, or construed to diminish the duties under the law, or to establish a lesser standard than required by law.

Investment Plan

FINANCIAL SECURITIES

AS OF AUGUST 18, 2025

I. INTRODUCTION

This section of the Investment Plan document establishes the Financial Securities Investment Plan of the State of Oklahoma ex rel. Commissioners of the Land Office ("CLO") for the investment of the assets held to provide funds for the beneficiaries of the permanent school funds and other educational funds the authority for which is granted under OKL. CONST. Art. 6, § 32 and 64 O.S. § 1013. This Plan is designed to:

> *Describe the roles and responsibilities of parties involved with investment strategy, decision-making, and execution with respect to Trust investments and provide guidelines for the prudent investment of Trust assets.*

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III. ROLES AND RESPONSIBILITIES

The roles and responsibilities of parties involved with investment decision making and execution are detailed below.

A. Commissioners

The Commissioners have full fiduciary responsibility regarding Trust investments. The Commissioners shall establish an investment committee ("Investment Committee") that shall be composed of not more than three (3) members of the Commissioners of the Land Office or their designee. The Commissioners shall promulgate and adopt, on an annual basis, an Investment Plan. The Investment Plan shall state the objectives of the Trust, as well as outline key investment guidelines, including the criteria for selecting investment managers, the allocation of assets among investment managers, and the standards for investment and fund management.

B. Investment Committee

The Investment Committee shall make recommendations to the Commissioners. The Investment Committee shall have no authority to act for the Commissioners. Recommendations of the Investment Committee shall not be considered actions by the Commissioners or take effect without the approval of the Commissioners. Specific recommendations for which the Investment Committee is tasked include:

1. Recommend modifications to the Investment Plan when deemed necessary.
2. Recommend investment goals and objectives for approval by the Commissioners.
3. Provide recommendations to Staff in connection with monitoring performance of investment options on an ongoing basis, at least quarterly and more often if necessary.

C. External Investment Consultant – Marketable or Traditional Securities

Specific responsibilities of the External Investment Consultant include:

Investment Performance Reporting

a. Prepare a quarterly performance report that includes performance attribution on CLO investment manager portfolios, asset class composites, and the total fund, as well as a check on Plan compliance and adherence to investment style and discipline.

b. Prepare a condensed monthly performance report that includes the CLO investment manager portfolio and total fund performance.

Investment Performance Presentation and Analysis

a. Report quarterly to the Commissioners on the Trust investment results, the composition of investments, and other information the Commissioners may request.

b. Attend Investment Committee meetings in person or by electronic means and present the monthly (or quarterly) performance report and any other reports specifically requested by CLO Staff or the Investment Committee.

Investment Decision Support

a. Provide the Investment Committee with analysis and recommendations to set the target asset allocation on an annual basis.

b. Prepare ad hoc investment research and education to support investment decisions of the Investment Committee and Commissioners.

c. Provide analysis and recommendations to assist the Investment Committee and CLO Staff in the review and oversight of qualified investment managers. Analysis and recommendations may include, but are not limited to, issues such as monitoring changes in personnel, ownership structure, investment process, and other developments that impact expected risk and return.

d. Advise the Investment Committee and CLO Staff regarding any restrictions within this Investment Plan that may prevent the investment manager(s) from achieving the objectives and goals set forth herein. Any violation of the investment guidelines or other sections of the Investment Plan discovered by the External Investment Consultant in the preparation of its regular performance review shall be reported immediately to the Staff and Investment Committee and discussed at their next regularly scheduled meeting.

e. Make recommendations to CLO Staff and the Investment Committee regarding the Investment Plan and target asset allocation.

f. Assist in the review and recommendation of a qualified custodian.

D. External Investment Consultant – Private or Alternative Investments

The Private Equity Investment Consultant(s) shall be an External Investment Consultant chosen by the Secretary in consultation with the Investment Committee and the Commissioners. The External Investment Consultant may have no responsibilities under any investment in which they do or may play a role as Private Investment Manager unless specifically authorized to do so by the Commissioners. Specific responsibilities of the External Investment Consultant include:

External Manager Monitoring

Monitor performance of private investment managers.

Investment Performance Reporting.

a. Prepare a quarterly performance report that includes performance attribution on the private investment manager portfolios.
b. Report quarterly to the Commissioners on the private investment portfolio investment results and provide other information the Commission requests.

Investment Committee Meeting Requirements

Attend Investment Committee meetings and present the quarterly performance report and provide any other reports specifically requested by CLO Staff or the Investment Committee.

Consultation Services

a. Provide investment decision support, including analysis and recommendations.
b. Make recommendations to CLO Secretary, CLO Staff, the Investment Committee, and the Commissioners (as required) regarding the Investment Plan, and purchases or sales of private investments.
c. Assist in the review and recommendation of private investment managers.

Other Duties

Provide any other services as required by the Commissioners, the Investment Committee or the Secretary and other CLO Staff.

E. Marketable or Traditional Investment Managers

The following guidelines apply to Investment Managers:

1. Firm Qualifications

Each investment manager must either be (1) registered under the Investment Company Act of 1940; (2) registered under the Investment Advisors Act of 1940; (3) a bank, as defined in that Act; (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the CLO assets; or, (5) such other person or organization authorized by applicable law or regulation to function as an investment manager.

2. Disclosures

The investment manager(s) must disclose all major organizational changes and/or changes to investment philosophy to the CLO Staff within 30 calendar days of such change. Applicable changes shall be defined as a change in any key personnel or any other change that the Investment Manager knows or should be reasonably expected to know which may materially affect

performance or return. Furthermore, all registered investment advisors must present updated ADV Part 2 forms on an annual basis to the Staff, in conjunction with and in addition to the additional requirements in the Contract for Investment Services.

3. Adherence to Investment Guidelines

As part of its overall asset allocation strategy, the Investment Committee will make recommendations to the Commissioners for the selection of managers with certain styles and approaches to portfolio diversification. Therefore, it is critical that managers adhere to the original intent communicated to them by the Investment Committee. Significant changes in investment style may be grounds for termination.

4. Performance Reporting

The professional management responsible for these funds shall report monthly on the performance of the portfolio, including comparative gross returns for the funds and their respective benchmarks, as well as a complete accounting of all transactions involving the CLO investments during the month, together with a statement of beginning balance, capital appreciation, income and ending balance for each account.

5. Use of Placement Agents

Investment manager(s) must disclose to CLO Staff and its External Investment Consultant whether any of the investment manager's principals, employees, agents, or affiliates have compensated or agreed to compensate, directly or indirectly, any person or entity to act as a Placement Agent in connection with the investments being considered. If a Placement Agent, or a person/entity acting as a Placement Agent, is retained by the investment manager, the investment manager will provide a resume for each officer, partner or principal of the Placement Agent detailing the individual's education, professional designations, regulatory licenses, and investment experience. In addition, the investment manager must provide to CLO Staff and its External Investment Consultant a description of the services to be performed by the Placement Agent and all compensation agreements between the Placement Agent and the investment manager. The investment manager must also provide the names of any Commissioners, Investment Committee members, Staff, or External Investment Consultants who suggested the retention of the Placement Agent, a statement that the Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association and a statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.

F. Private Investment Managers

All of the above Marketable guidelines apply to Managers in the Private Segment and in addition include:

1. Duties

The duties of private investment managers shall be established by contract and shall include but not be limited to any requirements established by this Investment Plan and may be modified based on the scope, conditions, and requirements of the direct investments on a case-by-case basis. Private investment managers may also recommend private investments to the CLO.

G. Custodian

A custodian bank is a specialized financial institution hired by the CLO to safeguard the Trust's financial assets. The custodian(s) collects income and safely keeps all cash and securities, processes all transactions, and provides monthly accounting/investment reports to the CLO Staff and Investment Consultant. The custodian may also provide securities lending, commission recapture, transition management, securities litigation monitoring, or other services for the Trust.

H. Transition Manager(s)

Transition Manager(s) may be retained by the Commissioners pursuant to recommendations received by the Investment Committee and CLO Staff from the External Investment Consultant. Transition Manager(s) assist in the transfer of assets among one or more investment managers or liquidation/funding activities, and serve as a liaison between the CLO, the custodian, the manager(s) distributing assets, and the manager(s) receiving assets, as applicable. Transition manager(s) specific responsibilities include:

1. Facilitate clear communication between all parties.
2. Prepare and execute a trading strategy designed to minimize trading costs including explicit and implicit costs, while managing market exposure and opportunity cost.
3. Provide detailed pre-trade and post-trade analysis for CLO Staff and External Investment Consultant.

I. CLO Staff and Secretary

The CLO Staff and Secretary including the Chief Financial Officer or other individual assigned with oversight over the investment of Trust assets, has the responsibility for administration of this Investment Plan in overseeing the day-to-day management of the invested assets. CLO Staff will consult the Investment Plan and the following guidelines in the investment of the Trust assets:

1. Assist in establishing and, when deemed necessary, recommending modifications to the Investment Plan. CLO Staff will be responsible for the timely execution and implementation of the Investment Plan and any subsequent amendments.
2. Manage day-to-day operations and delegate work to external resources as appropriate.
3. Monitor the performance of current investment managers presented by the External Investment Consultant on an ongoing basis, at least quarterly and more often if necessary.
4. Work with External Investment Consultant(s) and Investment Committee to develop and review target asset allocation as outlined in Exhibit A.
5. Assist in selecting professional investment fund managers, custodial bank, and External Investment Consultant(s).
6. Negotiate and monitor terms and conditions of managers, custodian, and consultant services.
7. Review the performance and services of the External Investment Consultant. Every five years, or earlier as deemed necessary by the Commissioners, CLO Staff shall conduct an extensive review and recommend to the Investment Committee any changes deemed necessary. The external investment consultant contracting process is not required to conform to the Oklahoma Central Purchasing Act per Title 74 O.S. Sec. 85.7(A)(3)(a);85.41 and Title O.S. Sec. 803. (See

Procurement Information Memorandum (Number 09-01), dated September 15, 2009, titled Exemptions from Competitive Bidding – Policy Guidance).

8. Provide each investment manager with a written set of specific investment objectives and guidelines consistent with the Investment Plan of CLO and the investment strategy and style for which the manager was retained, not in conflict with the Contract for Investment Services.
9. Invest any additional monies and any withdrawals from individual money managers in a manner to rebalance the portfolio to the Target Asset Allocation approved by the Commissioners.
10. Ensure management fee payments comply with Management Fee Payment Plan in Exhibit D.
11. The CLO Secretary, under consultation and advisement of the Investment Committee and upon approval of the Commissioners, shall have the authority to make investment recommendations to Private Investment Managers on specific private investments meeting the requirements of this Investment Plan and following the procedures established in section VII under the Private Investments Acquisition Guidelines. Any Private Investment recommendation made by the CLO Secretary to a Private Investment Manager must first have been reviewed and recommended by the Commissioners and, as appropriate, may be reviewed and recommended by an External Investment Consultant

IV. PERFORMANCE GOALS AND BENCHMARKS-

The overall goal shall be to diversify investments across allowable asset classes to provide a balanced allocation expected to generate maximum income for current beneficiaries, while also generating a sufficient total return to maintain the purchasing power of the corpus for future generations. In addition, while pursuing these dual return objectives, the CLO seeks to avoid undue concentration of risk in any single asset class, investment category, or investment manager. The following performance objectives are designed to assist the Commissioners, Investment Committee members, and CLO Staff in assessing whether the Trust is meeting these objectives.

A. Income Objective

The income objective for investments is an annual distribution of approximately 4% of the total market value of the invested trust funds. However, the actual target distribution amount may fall above or below 4% depending upon factors, including but not limited to, inflation expectations, economic conditions, current yields, and relative attractiveness of asset and sub-asset class valuations.

B. Total Return Objective

In order to provide sufficient growth of the corpus of the Trust, the total return objective is generation of a total return net of investment management fees that is equivalent to the inflation rate as approximated by the Consumer Price Index (CPI) plus the distribution rate over a full market cycle. In setting the total return objective, the Investment Committee also considers the expected growth and distributions from non-financial assets.

C. Relative Performance Objectives

The relative performance objective is investment performance that is competitive relative to appropriate market indices and peer groups. Achievement of the Relative Performance Objectives

shall be measured primarily by evaluating the total fund return over moving, annualized 3-year and 5-year time periods. To evaluate performance against these objectives, the Investment Committee will review several metrics, which include but are not limited to:

Target Allocation Index

The target allocation index captures the weighted average return of market indices that correspond to the asset classes in which the Trust is invested (e.g., Barclays Capital Aggregate, Russell 3000, and so forth). The difference between the Trust return and the target allocation index return captures the effect of deviations from the target allocation, style tilts within asset classes, and excess return from investment managers. The relative performance objective for the Trust is to generate a net of fees, total fund return that exceeds the target allocation index by at least 25 basis points ("bps").

Actual Allocation Index

The actual allocation index captures the weighted average return of the market indices that correspond to each individual investment manager's strategy. The difference between the Trust return and actual allocation index captures only the aggregate outperformance or underperformance of investment managers relative to their respective indices. The relative performance objective for the Trust is to generate a net of fees, total fund return that exceeds the actual allocation index by at least 25 basis points ("bps").

Peer Group Comparisons

Peer group comparisons are intended to provide insight into how the total fund return and risk of the Trust portfolio compares to other, large institutional investors. Although peer group comparisons are informative at a high level, these comparisons must be viewed with caution since the Trust has unique, statutory investment constraints that limit exposure to higher returning assets. The total fund performance objective for the Trust is to outperform the gross of fees return of a comparable peer group median's return and risk-adjusted return.

V. INVESTMENT MANAGEMENT – ASSET CLASS GUIDELINES – FINANCIAL SECURITIES

The Trust assets may be invested in separately managed accounts, mutual funds, exchange-traded funds (ETFs), or other commingled investment vehicles organized under the laws of the United States. In such cases, the investment manager(s) of these funds will have full discretion over the portfolio management decisions in accordance with the following guidelines and those established by respective prospectuses or commingled fund investment guidelines. The Trust assets may only be invested in bonds issued in the United States, United States dollar denominated, or other investments settled in United States dollars or traded on the United States exchange markets.

Investment in derivatives such as futures and options are generally prohibited. However, the use of index futures contracts which are Commodities and Futures Trading Commission (CFTC)-approved are permitted to be used by mutual fund and commingled fund manager(s) to maintain market exposure in a non-leveraged and non-speculative manner consistent with prospectuses or investment guidelines. In addition, if approved in writing in conjunction with a transition management engagement, transition managers are also permitted to use such index futures to maintain market exposure.

A. Public & Private Equity Investments

The primary investment objectives of the equity allocation are to provide an attractive long-term total return that helps satisfy the growth requirements of the corpus, while also providing a moderate level of income for current beneficiaries. In aggregate, the performance of equity investments is evaluated relative to broad equity indices that correspond to the underlying holdings of the investment managers. For each individual investment manager, performance is evaluated relative to an appropriate index and returns of other funds with similar objectives and investment styles. The equity portion shall be invested under the following guidelines:

1. Allowed investments include publicly traded common stocks, stock warrants and rights, securities issued by non-U.S. companies traded on U.S. exchanges or over-the-counter (including sponsored and unsponsored American Depository Receipts – ADRs), as well as publicly traded REITs (Real Estate Investment Trusts), master limited partnerships (MLPs), private equity, and any other investments as allowed by law.
2. Public equity managers will use the following guidelines to determine the maximum allowable investment in a single company:
    a. At the time of purchase, the maximum allowable investment in a single company shall be the greater of:
        i. 5% of their portfolio based on the portfolio's market value at the time of purchase, or
        ii. 175% of the company's weighting in the primary benchmark against which the manager's performance is measured by the CLO.
    b. A holding in one company shall not exceed 10% of the current portfolio's market value. If a holding is expected to exceed 10% of the portfolio's current market value, the manager will reduce the holding below 10% as soon as is prudent.
    c. Due to index weighting concentrations, dedicated REIT managers may invest up to 7.5% of their portfolio based on the portfolio's market value at the time of purchase in a single issuer.
    d. Due to index weighting concentrations, dedicated MLP managers may invest up to 20% of their portfolio based on the portfolio's market value at the time of purchase in a single issuer.
    e. A manager may seek a waiver of these requirements from the Commissioners in specific circumstances in which such an investment is deemed attractive to the CLO.
    f. Private investments shall include but not be limited to securities established under the Invest in Oklahoma Act, Okla. Stat. Tit. 62, § 2400 et seq, and also include other similar securities which are not publicly traded and may include shares of stock, shares of ownership in various corporate structures, investments in venture capital funds, and other similar securities which meet the legal requirements of such an investment allowed under law.

3. Cash is a residual of the investment process and is not to be utilized as a method of risk control. Portfolios are typically fully invested, with cash and equivalents usually ranging from 0-5%. During the initial start-up period of the relationship and during periods of cash flows or periods when the portfolio manager believes stocks are not fairly valued, the portfolio manager may hold cash and cash equivalents in larger proportions for an extended period of time in order to invest and manage the portfolio in an orderly manner.

B. Public and Private Fixed Income Investments

The primary objective of the fixed income investments is to provide income to current beneficiaries and provide capital preservation of Trust assets in distressed markets and challenging economic environments. In aggregate, the performance of the fixed income allocation is evaluated relative to broad fixed income indices that correspond to the underlying holdings of the investment managers. For each individual investment manager, performance is evaluated relative to an appropriate index and returns of other funds with similar objectives and investment styles. The fixed income managers will place an emphasis on generating an attractive level of current income provided that the pursuit of higher income is determined to be prudent in terms of the risk incurred and incremental level of income generated. The fixed income portion shall be invested under the following guidelines:

1. The Trust assets may only be invested in bonds issued in the United States or United States dollar denominated bonds. Allowed investments include corporate and government bonds, convertible bonds, preferred stock, asset-backed securities, mortgage-backed securities, commercial mortgage-backed securities, non-domesticated bonds issued in the United States and United States dollar denominated bonds, and other United States issued and United States dollar denominated fixed income investments that are eligible for inclusion in the Barclays Capital U.S. Universal Bond Index or as allowed by law and deemed prudent by the Commissioners.
2. Except for U.S. Government and Agency issues, no more than 10% of the bond portfolio at market will be invested in the securities of a single issuer or 5% of the bond portfolio in an individual issue.
3. Generally, corporate, mortgage, asset-backed, or non-domesticated bonds issued in the United States and United States dollar denominated bonds (fixed income investments) are to be limited to instruments that have an investment grade rating at time of purchase as determined by at least one of the major rating agencies (Standard & Poor's, Moody's Investor Service Inc., Fitch Investors Service, DBRS, Kroll Bond Rating Agency (KBRA), Morningstar, and/or Realpoint), except as set forth below. Investment grade ratings are defined as the top four rating categories: Standard & Poor's (AAA, AA, A, and BBB), Moody's Investor Service Inc. (AAA, Aa, A, Baa), Realpoint, and/or the equivalent from Fitch Investors Service, DBRS, Morningstar, and/or KBRA. In the event a manager is permitted by contract or direction from the CLO to invest in fixed income investments that are below investment grade, the following restrictions will apply:
    a. Fixed income investments that are below investment grade at the time of purchase shall be limited to twenty (20) percent of the investment manager's total portfolio. This restriction shall not apply to a dedicated high yield manager(s) or convertible manager(s). Below investment grade rated fixed income investments shall be limited to quality ratings above Standard & Poor's CCC+ or Moody's Investor Service Caa1 ratings at time of purchase except for a dedicated convertible manager(s) which may invest up to 20% of the investment manager's total portfolio in securities rated CCC+ or below.
    b. Ratings generated by the major credit rating agencies are not to be taken for granted. Intensive financial analyses should be performed by the fixed income managers on all investments prior to committing the assets of the fund and frequent reviews by the

manager(s) should be undertaken after the instrument is contained in the portfolio.

4. Investment in derivatives such as futures, options, inverse floaters, inverse IO's, interest rate swaps, and credit default swaps are generally prohibited. However, mortgage-related securities such as IO's, PO's, inverse floaters, inverse IO's, and Collateralized Mortgage Obligation (CMO) tranches whose sensitivity to prepayments approximates that of the underlying mortgage pass-through securities, are acceptable to manage duration or when an appropriate offsetting position is also maintained. The maximum exposure to IO's, PO's, inverse floaters and inverse IO's shall be limited to 10% of the managers' portfolio at market value. To Be Announced (TBA) mortgage transactions and forward commitments are acceptable if sufficient cash or cash equivalents are held at all times to settle such transactions.
5. Investment in Rule 144A securities is permitted. However, to prevent investment in debt instruments for which there is no market price and there is the additional risk of illiquidity, the following restrictions apply to the purchase of Rule 144A securities:
    a. Only Rule 144A securities (i) with Registration Rights or (ii) issued, underwritten, or placed by a firm (or its affiliate under common control) that files, furnishes, or provides financial statements with the Securities and Exchange Commission or (iii) provides audited financial statements and conducts regularly scheduled conference calls to discuss financial results, in each case, as part of a minimum deal size of $250 million are permitted in the Portfolio.
    b. Portfolio may also invest up to 5% in Rule 144A securities issued, underwritten, or placed by a firm (or its affiliate under common control) that files, furnishes, or provides financial statements with the Securities and Exchange commission or provides audited financial statements and conducts regularly scheduled conference calls to discuss financial results, in each case, as part of an original deal size of less than $250 million.
    c. All Rule 144A securities included in the Portfolio must clear through The Depository Trust Company (DTC).
6. A manager may seek a waiver of these requirements from the Commissioners in specific circumstances in which such an investment is deemed attractive to the CLO.

C. Convertible Securities

Convertible securities that are traded over-the-counter should be of acceptable credit quality. However, a convertible manager may invest in below investment grade and non-rated securities. Since ratings of major credit rating agencies may be delinquent in changing a specific rating, the convertible manager must complete a thorough analysis to determine its own rating in the absence of a rating by a major rating agency or to bring about a further updated opinion on a specific security. In addition, investments in Rule 144A securities are permitted, but are restricted to those 144A securities that clear through The Depository Trust Company (DTC) and are issued (i) with Registration Rights or (ii) by a publicly traded firm as part of a minimum deal size of $150 million.

D. Preferred Securities

The primary investment objective of the preferred securities investment allocation is to provide income to current beneficiaries, while providing a moderate amount of growth for future generations. The

preferred securities allocation will be benchmarked against an index or combination of indices that correspond to the underlying holdings of the investment manager(s). For each individual investment manager, performance is evaluated relative to an appropriate index and returns of other funds with similar objectives and investment styles. The investment criteria and guidelines for investment managers investing in preferred securities will be subject to the prospectus, offering circular, or other offering documents prepared by the investment manager. In addition, investment managers investing in preferred securities must adhere to the following restriction: Preferred securities rated BB at the time of purchase will be limited to no more than 30% of the investment manager's total portfolio.

E. Short Term Investments and Cash

Cash shall be continuously invested until such time as it is needed. Cash will be invested in the securities listed below:

1. U.S. Treasury Bills;
2. Quality (A1/P1 or equivalent at the time of purchase) commercial paper;
3. Pooled short-term investment funds provided by the custodian or Treasurer; or
4. Other cash equivalent instruments deemed prudent by the investment managers and allowed by Oklahoma law.

VI. INVESTMENT MANAGEMENT – GENERAL GUIDELINES FOR MARKETABLE SECURITIES

A. Manager Selection

The selection of investment managers may be accomplished with assistance from the External Investment Consultant. A formal set of investment guidelines and performance expectations for each investment manager has been, or will be, established, as set forth in Exhibit B. In addition, the required steps to complete an investment manager search are outlined in Exhibit C. Investment managers are generally expected to satisfy the following criteria to be considered in the selection process:

1. Securities investment managers must be a bank, insurance company, or investment advisor as defined by the Registered Investment Advisors Act of 1940.
2. Have a minimum five-year history with the desired investment style, demonstrate continuity of key personnel, and offer a reasonable fee schedule; shorter-term histories will be considered for entire portfolio management teams that have portable track records from predecessor firms.
3. Have a clearly defined investment philosophy and decision-making process.
4. Demonstrate generally favorable, consistent historical performance, calculated on a time-weighted basis, based on a composite of all their fully discretionary accounts of similar investment style relative to a predetermined benchmark.

B. Manager Termination

CLO reserves the right to terminate an investment manager for any reason. Possible breaches of contract may include, but are not limited to the following:

1. Failure to comply with the guidelines agreed upon for management of CLO's funds.
2. Failure to achieve performance objectives specified in the contract.
3. Significant deviation from the investment manager's stated investment policy and/or process.

4. Loss of key investment personnel.
5. Evidence of illegal or unethical behavior by the investment manager firm.
6. Significant increase in fee schedule
7. Violation of terms of contract without prior approval from the Commissioners.
8. Managers may be replaced at any time as part of an overall restructuring.

The Investment Committee, CLO Staff and External Investment Consultant will carefully review the presence of any one of these factors on a timely basis. If the Investment Committee deems appropriate, the investment manager may be called upon to discuss changes.

C. Proxy Voting

The investment manager(s) shall promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the investment program set forth herein, unless it is in the best interest of the Trust not to vote. The investment manager(s) shall furnish the CLO with a written proxy voting policy statement and shall keep records with respect to its voting decisions and submit a report annually to the CLO summarizing votes cast. The CLO reserves the right to withdraw in writing the delegation to vote proxies.

D. Trading and Execution

The investment manager(s) shall use their best efforts to obtain "best execution".

E. Margin

Securities shall not be purchased on margin.

F. Short Sales

No short sales shall be made, unless used to facilitate a 130/30 or absolute return type of strategy that the Commissioners have approved for a specific portfolio.

G. Commission Recapture

Prudent management of the Trust requires the need to maximize Trust resources, including commission reduction generated through commission recapture trade activity. As such, directed commissions may be used to reduce the cost of trades with the following guidelines:

1. Commission rates will not be increased for the sole purpose of generating directed commissions.
2. Directed commission brokerage statements must be reconciled quarterly.
3. Any directed brokerage trade does not relieve investment manager(s) of responsibility for "best execution".
4. All commission hard dollar rebates shall be paid in cash and accrue to the CLO Trust.
5. All arrangements shall be fully disclosed in writing.

H. Audit

All securities transactions are subject to audit to verify transaction costs and the effectiveness of execution.

I. Securities Lending

The lending of securities is permitted subject to the following guidelines:

1. Upon origination of a loan, collateral is set at 102% of the market value of the loaned security plus accrued income. If on any business day, the market value of the collateral is less than 100% of the market value of a loaned security plus accrued income, the approved counterparty shall deliver additional collateral in an amount equal to 102% of the then market value of such loaned security plus accrued income.
2. Securities are not released until the custodian receives the collateral for the book entry withdrawal of the loaned security.
3. Neither the CLO nor the custodial bank shall permit any of the funds under the control of the CLO or securities to be located in any place other than within a jurisdiction or territory under the control or regulatory power of the U.S. Government.

Securities lending contracts for all separate account relationships are between the custodial bank and the CLO.

J. Distributions

Investment income is the principal source of funds for the distribution of funds to the beneficiaries of the Trust. The Custodian shall transfer to the Oklahoma State Treasurer for distribution on a monthly basis, all net investment income from the investment of the assets of the Permanent Trust Fund. The Custodian shall also transfer to the Treasurer quarterly the amounts to be paid for investment manager fees and custodial fees.

K. Investment Performance Review and Evaluation

With the advice and analysis provided by the External Investment Consultant, CLO Staff and the Investment Committee will review the investment results of the investment manager(s) at least quarterly. Performance comparisons will be made against a representative performance universe and the performance objectives set forth in this Investment Plan.

L. Investment Manager Transitions

In the event of the need to perform transition management activities (including, but not limited to, the transfer of the management of assets from one investment management firm to another, exposure management during funding or de-funding of an investment management mandate, or the like), the CLO Staff, including the Chief Financial Officer, or other individual assigned with oversight over the fund, with advice from the External Investment Consultant and consent of the Commissioners, will determine the most efficient and prudent manner to perform such transition, including determining whether to use a transition manager, the legacy manager(s) or the target manager(s) to effect the contemplated asset restructuring.

1. If it is determined that CLO will use a transition manager, the Commissioners will select a transition manager from a list of transition managers provided by the External Investment Consultant based on the specific requirements of the transition, each transition manager's expertise in meeting these requirements, and after reviewing pre-trade analysis submitted by the transition managers.
2. CLO Staff, with the consent of the Commissioners, shall be authorized to engage a transition

manager under the terms of a master agreement executed with each such transition manager requiring that the transition manager:

a. Be a Registered Investment Advisor (unless exempt from such registration requirement),
b. Act as a fiduciary to CLO and not delegate such fiduciary responsibility,
c. Unless specifically authorized in writing, provide agency-only execution services.

3. Following the completion of each transition event, CLO Staff will report to the Commissioners on the results of the selection process, the estimated costs of the transition, and the actual costs of the transition.

VII. INVESTMENT MANAGEMENT – GENERAL GUIDELINES FOR PRIVATE INVESTMENTS OR ALTERNATIVE SECURITIES

These Private Investment Acquisition Guidelines (Guidelines) shall be utilized by the Commissioners of the Land Office (CLO) in making such investments. Pursuant to this Investment Plan.

A. Objectives

The objectives of private investments are to provide asset diversification to increase current and long-term distributable income, to maximize long term financial return at a prudent level of risk, to protect future purchasing power, and to provide a stable payout.

B. Acquisition Considerations

The following items shall be taken into consideration when evaluating private investments. This list is not inclusive and are the primary criteria that must be considered, additional criteria should also be considered on a case-by-case basis:

1. The general overall risk of the investment as compared to the anticipated return. Reasonable efforts shall be made to mitigate risk factors, including extensive due diligence from independent parties on potential investments.
2. Consideration on how this investment will impact the requirement that no more than 60% of investments can be in equity.
3. Consideration on whether this investment will be funded with uninvested Permanent Funds, or whether already invested funds will need to be reallocated from one of the other types of investments (marketable securities or real estate) and the impact such reallocation will have on the total portfolio.
4. The term of the investment, the penalties for early exit (if early exit is possible), and the risk associated with the illiquidity of the investment.
5. Investments are to be made in one of the following ways:
   a. Through investment managers upon the specific recommendation of the Commissioners, or by the Secretary if the Commissioners have granted such authority to the Secretary, or
   b. Directly by and at the discretion of the investment managers who have the proper regulatory licensing and authority to do so, provided all funds allocated to any investment manager or specific investment have been properly approved.
6. Private investments acquired by the CLO should project a minimum rate of return after expenses equal to

or greater than the average rate of return for the CLO monetary fund for the most recent 5-year period.

7. Further considerations shall include, but not be limited to:
    a. Rate of Return
    b. Years of Operation
    c. Sufficiency of Capitalization
    d. Investment Performance Tract Record
    e. Differentiation and Sustainability of Investment Strategy
    f. Fee Structure
    g. Background of Limited Partners, and
    h. Ration of Capital Invested in the State of Oklahoma

Periodic Review of Private Investments

The effectiveness of investments in private investments shall be reviewed by the CLO to evaluate long-term appreciation and income. All CLO private investments shall be valued on an annual basis by an independent party qualified to perform such valuations to determine each investment's net asset value.

EXHIBIT A: ASSET ALLOCATION –FINANCIAL SECURITIES

I. Allocation of Assets

The target asset allocation of financial securities for the Trust is determined by the Commissioners and recommended by the Investment Committee to facilitate the achievement of the Trust investment objectives within the established risk parameters. The Trust assets shall be divided into the following asset classes:

Asset Class	Minimum Percent	Short Term Target Percent	Long Term Target Percent	Maximum Percent
Large Cap US Equity	4%	**16%**	**18%**	25%
Small/Mid Cap US Equity	1%	**5%**	**3%**	9%
International Equity	5%	**9%**	**11%**	15%
REITs	0%	**5%**	**4%**	7%
MLPs	0%	**6%**	**5%**	10%
Private Investments	0%	**1%**	**3%**	5%
		42%	**44%**	
Core Fixed Income	25%	**35%**	**34%**	60%
High Yield	4%	**11%**	**11%**	15%
Preferred Securities	1%	**12%**	**11%**	15%
Total Fixed Income		**58%**	**56%**	
Cash Equivalents	0%	**0%**	**0%**	5%

II. Total Fund Constraints

As per Oklahoma statute (64 O.S. § 1013), the total combined value of equities may not exceed a maximum allocation of 60%, and therefore the minimum allocation to non-equity asset classes is 40%. Each individual asset class will be governed by the total constraints and underlying allowable ranges.

III. Liquidity

CLO Staff will monitor cash flow on a regular basis, and sufficient liquidity shall be maintained to fulfill the CLO objectives and operational costs. When withdrawals become necessary, CLO Staff will notify the investment manager(s) as far in advance as possible to allow them sufficient time to acquire the necessary liquid reserves.

IV. Rebalancing

Formal asset allocation studies will be conducted at least every two years, with annual evaluations of the validity of the adopted asset allocation. On an ongoing basis and in accordance with factors, such as market fluctuations, yield expectations, and cash flows, the investment portfolio will be rebalanced, so it remains within the range of targeted asset allocations approved by the Commissioners and the planned distributions among investment managers. Rebalancing activity will incorporate recommendations of the External Investment Consultant as needed. Should extenuating circumstances arise and an Investment Committee cannot be convened, and a quorum of the Commissioners is not possible, the Secretary of the Commission is authorized to rebalance the portfolio based on recommendations from the External Investment Consultant(s) and CLO Staff.

V. Cash Management

Effective cash management is an integral part of the investment process. Based on such factors as investment strategy, cash flow, investment expenses, and real estate expenditures, the Secretary of the Commission in consultation with CLO Staff will determine the appropriate use and level of cash equivalents to meet the investment needs. Cash levels will be reviewed regularly to ensure that each of the trusts are structured to accommodate changing liquidity needs and amounts.

EXHIBIT B: Performance Monitoring

I. Performance Monitoring Return Expectations for Passively Managed Investment Managers

Passively managed investments are intended to gain exposure to an asset class or sub asset classes for a low fee by mirroring the exposure of a reference index. The performance objective, therefore, is to generate a total return gross of fees that mirrors the return of a comparable market index with a reasonable amount of tracking error.

II. Performance Monitoring Return Expectations for Actively Managed Investment Managers

In addition to the qualitative guidelines outlined in Section VI B, the following quantitative guidelines will be used to monitor performance of actively managed investment managers. Performance measurement shall be based on total rate of return and shall be monitored over a sufficient time period to reflect the investment expertise of the investment manager(s) over one full market cycle, which is generally approximated to be five years, but may vary over time and by the individual investment manager subject to evaluation. The managers will be compared to an appropriate benchmark and peer group based on their stated investment philosophy and process.

III. Fixed Income Securities

Core Fixed Income

Investments are generally index-eligible fixed income securities including corporate bonds and government debt instruments and mortgage-backed issues. Unless otherwise specified by more appropriate performance criteria, performance objectives include:

1. Total return net of fees to exceed an appropriate fixed income index by 25 basis points over a market cycle or five years.
2. Volatility to be comparable to an appropriate fixed income index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other fixed income managers with a similar investment style over a market cycle or five years.

Investment Grade Corporate Bonds

Investments are in fixed income securities of U.S. corporations with investment ratings of BBB (including BBB+ and BBB-) or higher.

1. Total return net of fees to exceed an appropriate investment grade corporate bond index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate investment grade corporate bond index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other Investment Grade Corporate Bond managers over a market cycle or five years.

High Yield

Investments are in high yielding, below investment-grade fixed income securities, which are typically comprised of corporate bonds.

1. Total return net of fees to exceed an appropriate high-yield fixed income index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate high-yield fixed income index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other high yield fixed income managers over a market cycle or five years, whichever is less.

Commercial Mortgage-Backed Securities (CMBS)

Investments are in fixed income securities backed by commercial real estate mortgages.

1. Total return net of fees to exceed an appropriate CMBS index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate CMBS index or deemed to be appropriate given the nature of the strategy employed by the investment manager.

Mortgage-Backed Securities (MBS)

Investments are in fixed income securities backed by residential real estate mortgages.

1. Total return net of fees to exceed an appropriate residential real estate mortgage index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate residential real estate mortgage index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other MBS managers over a market cycle or five years, whichever is less.

Preferred Securities

Investments include hybrid securities that typically pay perpetual interest or dividends and are rated below senior secured debt and above common stock in the capital structure of a given company.

1. Total return net of fees to exceed an appropriate custom index that best matches a dedicated investment in preferred securities by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate custom index that best matches a dedicated investment in preferred securities or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other preferred equity managers (if such a universe is available) over a market cycle or five years, whichever is less.

IV. Equity Securities

US Large Cap Value Equity

Investments will be primarily in undervalued stocks of medium and large companies, characterized by above-average income yields and below-average price/earnings ratios.

1. Total return net of fees to exceed an appropriate large cap value equity index by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate large cap value equity index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other large cap value funds over a market cycle or five years, whichever is less.

US Large Cap Core Equity

Investments will be primarily in stocks of large and medium companies.

1. Total return net of fees to exceed an appropriate large cap core equity index by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate large cap core equity index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other large cap core funds over a market cycle or five years, whichever is less.

US Large Cap Growth Equity

Investments will be primarily in stocks of medium and large companies, characterized by above-average earnings growth potential.

1. Total return net of fees to exceed an appropriate large cap growth equity index by a minimum of 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate large cap growth equity index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other large growth funds over a market cycle or five years, whichever is less.

US Small/Mid Cap Value Equity

Investments will be primarily in stocks of small and medium companies characterized by above-average income yields and below- average price/earnings ratios relative to the appropriate capitalization style benchmark.

1. Total return net of fees to exceed an appropriate small/mid cap value equity index by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate small/mid cap value equity index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other small or mid cap funds, as applicable over a market cycle or five years, whichever is less.

US All Cap Equity

Investments will be primarily in stocks of small, medium, and large companies.

1. Total return net of fees to exceed an appropriate broad U.S. equity index by a minimum of 25 basis points over a market cycle or five years, whichever is less.
2. Volatility should be similar an appropriate broad U.S. equity index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of similar funds over a market cycle or five years, whichever is less.

International Equity

Investments will include U.S.-based mutual funds that invest in international equity securities. Performance objectives are as follows:

1. Total return net of fees to exceed an appropriate index of non-U.S. equities by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate index of non-U.S. equities or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other non-U.S. equity funds over a market cycle or five years, whichever is less.

Real Estate Investment Trust

Investments will be primarily in publicly traded REITs.

1. Total return net of fees to exceed an appropriate REIT index, or other REIT benchmark, as applicable, by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate REIT index or deemed to be appropriate given the nature of the strategy employed by the investment manager.
3. Total return to rank above the 50th percentile in a universe of other REIT oriented investment products, over a market cycle or 5 years, whichever is less.

Master Limited Partnerships

Investments will be primarily in publicly traded MLPs.

1. Total return net of fees to exceed an appropriate MLP index by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate MLP index or deemed to be appropriate given the nature of the strategy employed by the investment manager.

Private Securities and Alternative Investments

Investments will be US-based funds that invest primarily across the segments and types of private equity or private debt structured deals and other alternative investments:

1. The target net minimum rate of return will be equal to or greater than the average rate of return for the CLO permanent fund, excluding Real Property Investments, as measured by the most recent five-year period ending on December 31.

EXHIBIT C: INVESTMENT MANAGER SELECTION AND CONTRACT RENEWAL FOR FINANCIAL SECURITIES

Investment Manager Selection Standards

64 O.S. § 1013(D) requires that the Commissioners shall retain qualified investment managers to be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Commissioners. The investment manager contracting process is not required to conform to the Oklahoma Central Purchasing Act per Title 74 O.S. Sec. 85.7(A)(3)(a);85.41 and Title O.S. Sec. 803. (See Procurement Information Memorandum (Number 09-01), dated September 15, 2009, titled Exemptions from Competitive Bidding – Policy Guidance).

The following standards shall be used for the solicitation of proposals for investment managers when the Investment Consultant is External to the CLO.

1. The External Investment Consultant, in consultation with the CLO investment Staff, develops and sends a letter or email with the same content to no less than three highly qualified vendors offering the desired services in a particular asset class. The External Investment Consultant will be responsible for identifying and prequalifying potential vendors and completing the process.
2. The potential vendors receiving the written solicitation are given a deadline by which to respond.
3. The solicitation letter or email communication identifies the items of information to be provided by responding vendors so that the External Investment Consultant, the Investment Committee, and CLO Staff may make an objective comparison of the offerings of each vendor. It is anticipated that items for inclusion may be subject to change based on the type of services being requested. At a minimum, responses must contain affirmation that investment selection criteria are met in accordance with CLO's Investment Plan, qualifications for the type of asset management under consideration, key personnel to be assigned to the account, company history, statement of investment strategy, pricing offered to the CLO, a copy of the proposed contract, and any others to be added based on the type of services desired or circumstances presented.
4. Copies of the solicitation letter or email form, the list of qualifying vendors, and vendor responses are provided to the CLO investment Staff to be used during the evaluation process.
5. The External Investment Consultant confers with CLO investment Staff in the evaluation process, provides a summary of the evaluation performed, and makes its recommendations to the Investment Committee.
6. Copies of the summary of evaluation, along with the other solicitation documents mentioned previously are retained in the External Investment Consultant's files as easily accessible evidence that a Commission approved solicitation for proposals on a competitive bid basis was performed.
7. For an investment manager for private securities, that investment manager will further require approval of the Commission. If a specific investment is being recommended to the Commissioners to be under the supervision of the private securities investment manager that has been approved by the Commission, then any investment manager for that specific private security will be considered as part of the consideration of the investment itself and will not need to go through this process as long as the overall investment manager has gone through the selection process.
8. Investment managers contracts will be subject to ongoing review by the External Investment Consultant and CLO Staff. On an annual basis, in consultation with the External Investment Consultant, CLO Staff will complete an annual review of the Investment Manager contracts required for renewal of multi-year contracts.

EXHIBIT D: MANAGEMENT FEE PAYMENT PLAN

62 O.S. section 34.62(7) states the following:

"The Commissioners of the Land Office shall be authorized to make payment of fees to its custodial bank and investment managers from the proceeds of total realized investment gains and such payments may be made from a special fund hereby created in the State Treasury for this purpose. Total payments for this purpose in a fiscal year shall not exceed one-half percent (0.5%) of the market value of the funds under the Commissioners' management on June 30 of the previous fiscal year." The following plan is in place to ensure statutory compliance.

- Realized gains and losses will be determined as of the last day of each fiscal year end for the purpose of complying with the statute.
- Accounting of accumulated gains and fees paid since implementation of the statute (Fiscal Year 1999) is maintained and updated each fiscal year end.
- In a fiscal year when proceeds from accumulated realized gains exceed custodial and manager fees, payment of fees will be made from the balance of accumulated realized gains.
- In a fiscal year when realized losses exceed custodial and investment manager fees, payment of the custodial bank and investment fees may be paid from accumulated realized gains from past years beginning in Fiscal Year 1999.
- A reserve amount equal to 2.5 years of estimated custodial and investment manager fees will be established in the permanent funds' general ledger for the purpose of paying custodial and investment manager fees in a year when accumulated realized gains from past years beginning Fiscal Year 1999 are insufficient.
- In a year when projections of proceeds of total accumulated realized gains necessary to reserve the 2.5 years of estimated custodial and investment manager fees are determined to be insufficient, then the CLO will consider requesting the necessary appropriation from the State of Oklahoma during the budget process.

Investment Plan

REAL PROPERTY

AS OF AUGUST 18, 2025

I. Introduction

This section of the Investment Plan document establishes the Real Estate Investment Plan of the State of Oklahoma ex rel. Commissioners of the Land Office ("CLO") for the investment of the assets held to provide funds for the beneficiaries of the permanent school funds and other educational funds the authority for which is granted under OKLA. CONST. Art. 6, § 32 and 64 O.S. § 1013. This Plan is designed to:

> *Describe the roles and responsibilities of parties involved with investment strategy, decision-making, and execution with respect to Trust investments and provide guidelines for the prudent investment of Trust assets.*

Provide a framework for ongoing monitoring of the performance of Trust investments. The assets of the Trust shall be invested in a manner consistent with fiduciary standards, as set forth in the OKLA. CONST. Art. 11, § 6. The CLO has adopted the investment plan outlined below after prudent consideration of the returns and risks associated with various investment strategies allowed under Oklahoma law.

II. Investment Objectives

The CLO manages a perpetual trust created under a constitutional requirement to invest Trust assets in a manner reasonably expected to maximize benefits distributed to present and future beneficiaries. The Commissioners of the Land Office ("Commissioners") have a fiduciary duty to invest in a manner consistent with this constitutional requirement. The Commissioners balance the dual requirement to (1) generate the maximum amount of income for the benefit of present beneficiaries, and (2) protect and grow Trust invested assets at a rate that is expected to preserve the purchasing power of the corpus for future beneficiaries. Finally, the Commissioners consider investment risks and manage these risks in pursuit of their investment objectives. To this end, prudent diversification of Trust assets is a necessity.

III. Real Property and Commercial Real Estate

Up to five percent (5%) of the total value of the assets of the permanent school funds may be invested in real property pursuant to Okla. Stat. tit. 64, § 1013(B) (Supp. 2013). Further, real property that is occupied by State of Oklahoma agencies shall not apply toward this 5% valuation. No single investment may constitute more than 40% of the total real property investments hereunder.

IV. Roles and Responsibilities

The roles and responsibilities of parties involved with investment decision making and execution are detailed below.

A. Commissioners

The Commissioners have full fiduciary responsibility regarding Trust investments. The Commissioners shall establish an investment committee ("Investment Committee") that shall be composed of not more than three (3) members of the Commissioners of the Land Office or their designee. The Commissioners shall promulgate and adopt, on an annual basis, an Investment Plan. The Investment Plan shall state the objectives of the Trust, as well as outline key investment guidelines, including the criteria for selecting investment managers, the allocation of assets among investment managers, and the standards for investment and fund management. In addition, all individual acquisitions, or sales, whether by auction or exchange, shall be approved by the Commission.

B. Investment Committee

The Investment Committee shall make recommendations to the Commissioners in addition to any other additional roles and responsibilities established in this Real Estate Investment Plan. The Investment Committee shall have no authority to act for the Commissioners. Recommendations of the Investment Committee shall not be considered actions by the Commissioners or take effect without the approval of the Commissioners. Specific recommendations for which the Investment Committee is tasked include:

1. Recommend acquisition or sale of investment real estate through purchase or exchange including recommendation on appraised valuation of such.
2. Recommend budgets of investment real estate assets, including budgets for operations, leasing costs, capital improvements, and management fees.
3. All other recommendations as identified and enumerated in the FINANCIAL SECURITIES section of the Investment Plan.

C. Investment Consultant – Real Estate

The Investment Consultant – Real Estate can be either internal or external as determined by the Secretary in consultation with the Investment Committee. Specific responsibilities of the Investment Consultant include:

1. External Manager Monitoring

Monitor performance of all external real estate investment managers.

2. Investment Performance Reporting

a. Prepare a quarterly performance report that includes performance attribution on the real estate manager portfolios, including the portfolio of investment properties managed internally.
b. Report annually to the Commissioners on the Investment Real Estate Portfolio investment results and provide other information the Commission requests.

3. Investment Committee Meeting Requirements

Attend Investment Committee meetings and present the quarterly performance report and provide any other reports specifically requested by CLO Staff or the Investment Committee.

4. Consultation Services

a. Provide investment decision support, including analysis and recommendations.
b. Make recommendations to CLO Staff and the Investment Committee regarding the Investment Plan, purchases, sales, or exchanges of investment real estate.
c. Assist in the review and recommendation of qualified real estate investment managers.

5. Other Duties

Provide any other services as required by the Commissioners, the Investment Committee or the Secretary and other CLO Staff.

D. External Real Estate Investment Managers

Real Estate Investments, which require management outside of the normal scope of business of the CLO, shall be managed by External Real Estate Investment Managers. The following guidelines apply to External Real Estate Investment Managers:

1. Firm Qualifications

Each external real estate investment manager must either be persons or organizations authorized by applicable law or regulation to function as managers of real estate investments, having all proper licenses and certifications to act in such a capacity.

2. Disclosures

The investment manager(s) must disclose all major organizational changes and/or changes to real estate management philosophy to the CLO Staff within 30 calendar days of such change. Applicable changes shall be defined as a change in any key personnel or any other change that the External Real Estate Investment Manager knows or should be reasonably expected to know which may materially affect performance or return.

3. Duties

The duties of External Real Estate Investment Managers shall be established by contract and shall include, but not be limited to: maintenance, tenant relations, capital improvement, tenant account management, marketing of vacancies, etc. Real estate investment managers will have access, under the supervision of CLO Staff, to Direct Deposit Accounts for the purpose of paying expenses related to investment real estate properties under their management from the revenues of said properties. Real Estate Investment Managers shall provide detailed reports monthly of all transactions involving the DDA accounts for the properties under their management. Real estate investment managers also may recommend real estate for acquisition, or recommend real estate held for sale or exchange.

4. Performance Reporting

The external real estate investment consultant responsible for a specific property or properties and the associated funds associated with same shall report monthly on the performance of the portfolio, including comparative gross returns as well as a complete accounting of all transactions involving the CLO investments during the month, together with a statement of beginning balance, capital appreciation, income and ending balance for each property and account.

E. Custodian

A Custodian Bank is a specialized financial institution hired by the CLO to safeguard the Trust's financial assets. The custodian(s) collects income and safely keeps all cash and securities, processes all transactions, and provides monthly accounting/investment reports to the CLO Staff and Investment Consultant. The custodian may also provide securities lending, commission recapture, transition management, securities litigation monitoring, or other services for the Trust. Further the CLO may hire Banks to serve as Direct Deposit Accounts (DDA's). All rents and other payments received will be deposited directly into the Custodian Bank. The Custodian Bank, with CLO Staff supervision, will transfer funds to the DDA's for the purpose of the payment of operational expenses of the External Real Estate Investment Managers associated with the management of the property or properties covered by

that DDA. Net revenues after the payment of expenses shall be transferred from the DDA's back to the Custodian Bank

F. CLO Staff

CLO Staff, including the Chief Financial Officer, Director of Commercial Real Estate, or other individual assigned with oversight over the investment of Trust assets consisting of real property, shall have the responsibility for administration of this Investment Plan in overseeing the day-to-day management of the invested assets. CLO Staff will consult the Investment Plan and the following guidelines in the investment of the Trust assets and shall have the following responsibilities:

1. Assist in establishing and, when deemed necessary, recommending modifications to the Investment Plan. CLO Staff will be responsible for the timely execution and implementation of the Investment Plan and any subsequent amendments.
2. Manage day-to-day operations and delegate work to external resources as appropriate.
3. Monitor the performance of current real estate investment managers on an ongoing basis, at least quarterly and more often if necessary.
4. Assist in selecting external real estate investment managers, custodial bank, and real estate consultants (if external).
5. Negotiate and monitor terms and conditions of managers, custodian, and consultant services.
6. If the real estate investment consultant is external, review the performance and services of the External Investment Consultant. Every five years, or earlier as deemed necessary by the Commissioners, CLO Staff shall conduct an extensive review and recommend to the Investment Committee any changes deemed necessary. The external investment consultant contracting process is not required to conform to the Oklahoma Central Purchasing Act per Title 74 O.S. Sec. 85.7(A)(3)(a);85.41 and Title O.S. Sec. 803. (See Procurement Information Memorandum (Number 09-01), dated September 15, 2009, titled Exemptions from Competitive Bidding – Policy Guidance).
7. Ensure management fee payments comply with the Management Fee Payment Plan as established by contract.
8. CLO Staff shall also perform internal management of investment real estate assets if the CLO is qualified to manage such real estate because the management falls within the normal scope of business of other real estate owned by the Trust that is not considered investment real estate. Such investment real estate assets may include but are not limited to: undeveloped real estate, real estate subject to land leases which are similar in nature to CLO Long-Term Commercial Leases, and leases known as "triple net" leases where no active management activity is needed as all costs are borne by the tenant.

V. Performance Goals and Benchmarks – Real Estate

The target net minimum rate of return will be equal to or greater than the average rate of return for the CLO permanent fund, excluding Real Property Investments, as measured by the most recent five-year period ending on December 31. For the purposes of Real Property Investments, the most recent five-year period shall be the equivalent of one full market cycle.

Recommendations for real property investments will be made pursuant to the Real Property Acquisition Guidelines developed by the Secretary in consultation with the Investment Committee and attached as Exhibit E. The Real Property Acquisition Guidelines will be reviewed on an annual basis concurrent with the CLO Investment Policy and may be amended from time to time as necessary.

The overall goal should be to diversify real estate investments across classes of property (office, industrial, retail, etc.) and location to the extent permitted by law.

All individual acquisitions shall be approved by the Commission.

VI. External Real Estate Investment Manager Selection and General Guidelines

A. External Real Estate Investment Manager Selection

The selection of investment managers may be accomplished with assistance from the External Investment Consultant if applicable. In addition, the required steps to complete an investment manager search are outlined in Exhibit F. Investment managers are generally expected to satisfy the following criteria to be considered in the selection process: either be persons or organizations authorized by applicable law or regulation to function as managers of real estate investments, having all proper licenses and certifications to act in such capacity.

B. Manager Termination

CLO reserves the right to terminate an investment manager for any reason. Possible breaches of contract may include, but are not limited to the following:

1. Failure to comply with the guidelines agreed upon for management of CLO's funds.
2. Significant deviation from the investment manager's stated investment policy and/or process.
3. Loss of key personnel.
4. Evidence of illegal or unethical behavior by the investment manager firm.
5. Significant increase in fee schedule.
6. Violation of terms of contract without prior approval from the Commissioners.
7. Managers may be replaced at any time as part of an overall restructuring.

The Investment Committee, CLO Staff and Investment Consultant will carefully review the presence of any one of these factors on a timely basis. If the Investment Committee deems it appropriate, the investment manager may be called upon to discuss changes.

C. Voting

Any voting required because of ownership in condominium units, ownership estate units, or any other form of association shall NOT be delegated to the Real Estate Investment Manager and shall instead remain with the CLO.

D. Audit

All transactions are subject to audit to verify transaction costs and the effectiveness of execution.

E. Distributions

Investment income is the principal source of funds for the distribution of funds to the beneficiaries of the Trust. The Custodian shall transfer to the Oklahoma State Treasurer for distribution on a monthly

basis, all net investment income from the investment of the assets of the Permanent Trust Fund. The Custodian shall also transfer to the Treasurer quarterly the amounts to be paid for investment manager fees and custodial fees.

F. Investment Performance Review and Evaluation

With the advice and analysis provided by the Investment Consultant, CLO Staff and the Investment Committee will review the investment results of the investment manager(s) at least quarterly. Performance comparisons will be made against the performance objectives set forth in this Investment Plan.

G. Investment Manager Transitions

In the event of the need to perform transition management activities (including, but not limited to, the transfer of the management of assets from one investment management firm to another, exposure management during funding or de-funding of an investment management mandate, or the like), the CLO Staff, including the Chief Financial Officer, Director of Commercial Real Estate, or other individual assigned with oversight over the fund, with advice from the Investment Consultant and consent of the Commissioners, will determine the most efficient and prudent manner to perform such transition, including determining whether to use a transition manager, the legacy manager(s) or the target manager(s) to effect the contemplated asset restructuring.

1. If it is determined that CLO will use a transition manager, the Commissioners will select a transition manager from a list of transition managers provided by the Investment Consultant based on the specific requirements of the transition, each transition manager's expertise in meeting these requirements, and after reviewing analysis submitted by the transition managers.
2. CLO Staff, with the consent of the Commissioners, shall be authorized to engage a transition manager under the terms of a master agreement executed with each such transition manager requiring that the transition manager act as a fiduciary to CLO and not delegate such fiduciary responsibility.
3. Following the completion of each transition event, CLO Staff will report to the Commissioners on the results of the selection process, the estimated costs of the transition, and the actual costs of the transition.

VII. Valuation of Permanent School Fund Assets

In determining the total value of the assets of the permanent school funds, which will serve as the basis in determining the amount of such funds which may be invested in real estate investments, the total assets of the permanent school funds are comprised of the following:

- Fair market value (FMV) of the marketable securities investment portfolio measured at June 30 of the most recent fiscal year.
- FMV of real property held for investment determined by current [at date of calculations] holdings valued by certified real estate appraiser every three calendar years or more frequently if an event occurs that could indicate a significant change in the value of the building or the overall real estate market. For periods in which an appraisal is not obtained, the Agency evaluates the extent to which changes in the use of the real properties, or the overall real estate market may have affected the fair value of the properties since the last appraisal and the FMV is adjusted if significant.

- The Net Asset Value of all Direct Investments measured at June 30 of the most recent fiscal year, each Direct Investment being independently valued by an independent external source on an annual basis.
- FMV of land held in trust measured at June 30 of the most recent fiscal year. The land value will be determined by in-house appraisers who appraise one-fifth (1/5) of the land each year. The appraised value will be carried for five years.
- FMV of the Agency's mineral interests based upon a reserve study to be performed by an independent petroleum engineer or other independent properly qualified professional, if such study has been performed within the previous five (5) years. If no study has been performed in the prior five (5) years, or if changes in the relevant mineral market have significantly affected the FMV since the last reserve study, then the FMV of the agency mineral interest shall not be considered in determining the amount of funds which may be invested in real estate investments.

VIII. Cash Flow Management

The following shall indicate the accounting treatment for various cash flows associated with the investment real estate portfolio:

A. Operational Costs. Costs and expenses associated with the routine operations of the investment real estate asset shall be funded by the gross rents received, thereby reducing net operating income and net distributable income.

B. Capital Improvement Costs. Costs and expenses for items considered capital improvements, which shall be costs associated with improvements to the real estate asset that increase its value or useful life and meet capital improvement guidelines as commonly recognized within the industry shall be funded from the Permanent fund and shall not reduce net operating income or distributable income. These costs shall be added to the cost basis of the real estate asset.

C. Leasing and Tenant Acquisition Costs. Costs and expenses associated with tenant acquisition which shall include but not be limited to tenant improvement costs, credits, and allowances and commissions paid for tenant acquisition shall be funded from the gross rents received, thereby reducing net operating income and net distributable income. These expenses shall be fully expensed when incurred.

D. Management Fees and Costs. Effective July 1, 2026, costs associated with the management of investment real estate assets charged by investment property managers per the terms of their contracts shall be funded from the gross rents received, thereby reducing net operating income and net distributable income. Prior to July 1, 2026, these costs shall be funded from the Permanent Fund and shall not impact distributable revenue.

EXHIBIT E: Real Property Acquisition Guidelines

I. Introduction and Authority

These Real Property Acquisition Guidelines (Guidelines) shall be utilized by the Commissioners of the Land Office (CLO) in making real property acquisitions for investment purposes. Pursuant to Title 64, Section 1001 of the Oklahoma Statutes, the Commissioners have full charge of the management and disposal of all CLO Trust assets. Further, title 64, section 1013 permits the CLO to acquire, purchase or exchange real property for investment purposes. The CLO may invest up to 5% of the value of the total assets of the permanent school funds in real property. Additionally, Title 64, Section 1002 authorizes the purchase or exchange of real property to maximize Trust income for the benefit of present and future beneficiaries. The CLO Investment Policy, section V(G) provides, "No single investment may constitute more than 40% of the total real property investments hereunder," and "All individual acquisitions shall be approved by the Commission."

II. Objectives

The objectives of real property investments are to provide asset diversification to increase current and long-term distributable income, to maximize long term financial return at a prudent level of risk, to protect future purchasing power, and to provide a stable payout.

III. Preferred Investments

While no particular real property acquisition is precluded, preferred investments are assets that increase the immediate "cash on cash" return of CLO funds, including:

- Income producing properties with a focus on flex-space industrial facilities, small-box retail, or garden-style offices to be occupied by non-governmental tenants.
- Income producing properties leased on a net basis with leases with terms of at least three (3) years to minimize operational oversight from investment property managers and CLO staff.
- Income producing properties leased to a total of five (5) or fewer separate tenants to minimize operational oversight from investment property managers and CLO staff.
- Commercial land with minimal holding cost, which is likely to be improved within two (2) years of acquisition, or resold within four (4) years of acquisition with a high likelihood of an increase in value and recognized gain.
- If purchasing a property via exchange, income producing properties located within the same county as land that is being sold by the Agency via the exchange to minimize ad valorum impact.

IV. Acquisition Criteria

The real property portion of the CLO investment assets shall be invested subject to the following guidelines and acquisition criteria:

1. CLO shall not purchase any real property at a price greater than its appraised value. Appraised value shall be established by a qualified, external certified General Appraiser and reviewed by CLO staff or another Certified General Appraiser.

2. The Commissioners shall vote to authorize the purchase or exchange of all real property investments at a public Commission meeting.
3. The location and growth potential of any area where properties are located shall be carefully reviewed to consider:

   a. A reasonable holding period and exit strategy
   b. Whether utilities are available to serve the facility
   c. The current or potential income stream and the security of the income stream
   d. The supply and demand for the property being considered
   e. CLO's cost to outsource and manage the facility
   f. The stability of the market sector served by the facility
   g. The state of maintenance of facilities, including code and legal compliance
   h. The costs to repair and upgrade a facility

4. For buildings which will be occupied by state agencies, the CLO will attempt to reach agreement with the Division of Capital Assets Management of the Office of Management and Enterprise Services concerning all proposed state agency leasing needs so that tenants are assured prior to acquisition. CLO will be assured of a minimum occupancy of 70% (within 2 years) of net-leasable square footage prior to purchasing a building to be occupied by agencies of the State of Oklahoma.
5. When purchasing a building that will be occupied by non-governmental entities, CLO must be assured of an occupancy rate of at least 50% prior to purchase, or in the alternative, acquire the property at a price discounted proportional to all costs necessary to attain at least 50% occupancy.
6. Real Property acquired by the CLO should project a minimum rate of return after expenses equal to or greater than the average rate of return for the CLO monetary fund for the most recent 5-year period.
7. CLO Investment Committee and management shall not recommend the acquisition of real property that does not meet the stated value and performance criteria and shall report to the Commissioners any suspected self-dealing or attempts to resurrect failed projects or state or local community projects with an insufficient funding base which are not in the best interest of the Trust.

V. Periodic Review of Real Property Investments

The effectiveness of investments in real property shall be reviewed by the CLO to evaluate long term appreciation and income. All CLO real properties shall be appraised for market value at least every three (3) calendar years to determine changes in value.

VI. Divestiture of Real Property Assets

The Investment Committee will review the performance of real property asset investments. In the event any real property asset is underperforming according to the performance standard set forth in section IV, paragraph six (6) herein, or if it may otherwise be in the best interests of the Trust to sell or exchange any real property asset, the Investment Committee will review the real property asset values, rental schedules and expenses and make a recommendation for either continuing to hold the asset as a part of the investment assets or to sell or exchange the real property asset.

Prior to divesting any real property asset from the portfolio, a market value appraisal must be obtained, and the property must be sold at not less than the appraised market value or exchanged for other real property

for property of equal or greater market value, in accordance with title 64, section 1002 of the Oklahoma Statutes.

The Commissioners must approve the sale or exchange of any real property asset in advance of the proposed transaction.

EXHIBIT F: INVESTMENT MANAGER SELECTION AND CONTRACT RENEWAL

Investment Manager Selection Standards (Real Estate)

64 O.S. § 1013(D) requires that the Commissioners shall retain qualified investment managers to be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Commissioners. The investment manager contracting process is not required to conform to the Oklahoma Central Purchasing Act per Title 74 O.S. Sec. 85.7(A)(3)(a);85.41 and Title O.S. Sec. 803. (See Procurement Information Memorandum (Number 09-01), dated September 15, 2009, titled Exemptions from Competitive Bidding – Policy Guidance).

The following standards shall be used for the solicitation of proposals for investment managers when the Investment Consultant is External to the CLO.

1. The External Investment Consultant, in consultation with the CLO investment Staff, develops and sends a letter or email with the same content to no less than three highly qualified vendors offering the desired services in a particular asset class. The External Investment Consultant will be responsible for identifying and prequalifying potential vendors and completing the process.
2. The potential vendors receiving the written solicitation are given a deadline by which to respond.
3. The solicitation letter or email communication identifies the items of information to be provided by responding vendors so that the External Investment Consultant, the Investment Committee, and CLO Staff may make an objective comparison of the offerings of each vendor. It is anticipated that items for inclusion may be subject to change based on the type of services being requested. At a minimum, responses must contain affirmation that investment selection criteria are met in accordance with CLO's Investment Plan, qualifications for the type of asset management under consideration, key personnel to be assigned to the account, company history, statement of investment strategy, pricing offered to the CLO, a copy of the proposed contract, and any others to be added based on the type of services desired or circumstances presented.
4. Copies of the solicitation letter or email form, the list of qualifying vendors, and vendor responses are provided to the CLO investment Staff to be used during the evaluation process.
5. The External Investment Consultant confers with CLO investment Staff in the evaluation process, provides a summary of the evaluation performed, and makes its recommendations to the Investment Committee.
6. Copies of the summary of evaluation, along with the other solicitation documents mentioned previously are retained in the External Investment Consultant's files as easily accessible evidence that a Commission approved solicitation for proposals on a competitive bid basis was performed.
7. Investment managers contracts will be subject to ongoing review by the External Investment Consultant and CLO Staff. On an annual basis, in consultation with the External Investment Consultant, CLO Staff will complete an annual review of the Investment Manager contracts required for renewal of multi-year contracts.

The following standards shall be used for the solicitation of proposals for investment managers when the Investment Consultant is Internal to the CLO.

1. The Internal Investment Consultant, in consultation with the CLO's Chief Financial Officer, develops and distributes through a CLO Certified Purchasing Officer a Request for Proposal (RFP) in a manner consistent with the Central Purchasing Act. Information on the RFP can be further distributed directly

to highly qualified vendors offering the desired services in a particular asset class.

2. Respondents to the RFP are given a deadline by which to respond within the RFP.
3. The RFP identifies the items of information to be provided by responding vendors so that the Internal Investment Consultant, the Investment Committee, and CLO Staff may make an objective comparison of the offerings of each vendor. It is anticipated that items for inclusion may be subject to change based on the type of services being requested. At a minimum, responses must contain affirmation that investment selection criteria are met in accordance with CLO's Investment Plan, qualifications for the type of asset management under consideration, key personnel to be assigned to the account, company history, statement of investment strategy, pricing offered to the CLO, a copy of the proposed contract, and any others to be added based on the type of services desired or circumstances presented.
4. Copies of the RFP and vendor responses are provided to the CLO investment Staff to be used during the evaluation process.
5. The Internal Investment Consultant confers with CLO investment Staff in the evaluation process, provides a summary of the evaluation performed, and makes its recommendations to the Secretary and the Investment Committee.
6. Copies of the summary of evaluation, along with the other solicitation documents mentioned previously are retained in the CLO's files as easily accessible evidence that a Commission approved solicitation for proposals on a competitive bid basis was performed.
7. Investment managers contracts will be subject to ongoing review by the Internal Investment Consultant and CLO Staff. On an annual basis, in consultation with the Investment Consultant, CLO Staff will complete an annual review of the Investment Manager contracts required for renewal of multi-year contracts.